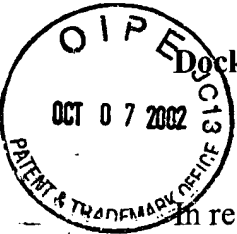


#14/Brief appeal



Docket No. CITI0087

PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re the U.S. Application of

Joseph C. Kawan, et al.

Group Art Unit: 2164

U.S. Serial No.: 09/276,823

Examiner: Bashore, A

Filed: March 26, 1999

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Technology Center 2100

For: SYTEM, METHOD AND APPARATUS FOR VALUE EXCHANGE UTILIZING  
VALUE-STORING APPLICATIONS

APPEAL BRIEF

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Sir:

This is an Appeal Brief under 37 C.F.R. § 1.192 in connection with the decision of the Examiner in a final Office Action mailed on November 6, 2001. A Notice of Appeal was filed on May 6, 2002. Each of the topics required by Rule 192 is presented herewith and is labeled appropriately.

**(1) Real Party In Interest**

The real party in interest is Citicorp Development Center, Inc. (formerly Transaction Technology, Inc.)

**(2) Related Appeals And Interferences**

There are no other appeals or interferences related to this case.

**(3) Status Of Claims**

Claims 1 and 3-48 are pending and rejected. Claims 1 and 3-48 are hereby appealed.

**(4) Status of Amendments**

There are no outstanding amendments.

**(5) Summary Of The Invention**

The present invention is directed to a system and method for performing a financial transaction to exchange value comprising a first electronic application for storing application-specific value and a second electronic application for storing general value, where the application-specific value and the general value are each compatible within the system to perform the financial transaction. Page 4, lines 20-24. The financial transaction may be performed utilizing a transaction application, which may be part of, or associated with, the first electronic application. The financial transaction may involve the exchange of all or a portion of either the application-specific value or the general value, or both. Page 4, lines 26-28. The features of the present invention may be embodied in a smart card that has a memory including the first and second electronic applications. The memory of the smart card is interactive with the at least one communication interface, as well as with a dual interface microprocessor that implements the purse, transaction and other applications of the present invention. Additionally, the system of the present invention includes a first terminal

for loading value into the first or second applications and a second terminal for deducting value from these applications. Page 5, lines 8-10. The term “general value” comprises value that is generally equivalent to cash in that the general value is readily accepted in a plurality of financial transactions. The term “application-specific value” comprises value that has limited acceptance, typically only for transactions associated with a specific application loaded on the smart card. General value may be accessed by a specific application program and converted into application-specific value. Similarly, application-specific value may be able to be converted to general value. Page 7, lines 23-28.

**(6) Issues**

- a) Whether the Examiner’s rejection of claims 1, 3-35, 37-42, and 44-48 under 35 U.S.C. 102(b) as being anticipated by Carlisle et al. (U.S.P. No. 5,649,118) is proper.
- b) Whether the Examiner’s rejection of claims 1, 3-7, and 13-17 under 35 U.S.C. § 102(e) as being anticipated by Taskett (U.S.P. No. 5,991,748) is proper.
- c) Whether the Examiner’s rejection of claim 36 under 35 U.S.C. 103(a) as being unpatentable over Carlisle et al. in view of Taskett is proper.
- d) Whether the Examiner’s rejection of claims 36 and 43 under 35 U.S.C. 103(a) as being unpatentable over Carlisle et al. in view of Hogan (U.S.P. No. 5,557,516) is proper.
- e) Whether the Examiner’s rejection of claim 43 under 35 U.S.C. 103(a) as being unpatentable over Carlisle et al. in view of either Kasai et al. (U.S.P. No. 6,058,382) or Davis et al. (U.S.P. No. 6,038,549) is proper.

f) Whether the Examiner's statement that the requirement for a new declaration will not be held in abeyance until a notice of allowance is received is proper.

**(7) Grouping of Claims**

Claims 1 and 3-48 stand or fall together for purposes of this appeal.

**(8) Argument**

In the final Office Action dated November 6, 2001, the Examiner indicated that all rejections remain as stated in the first Office Action dated March 4, 2001. Therefore, the following arguments are made with reference to the first Office Action.

**The Rejection of claims 1, 3-35, 37-42, and 44-48 under 35. U.S.C. § 102(b) as being anticipated by Carlisle et al. is not proper**

This rejection is respectfully traversed for at least the following reasons:

The Examiner stated on page 4 of the first Office Action that,

“Carlisle et al. disclose a system and method for performing a financial transaction, including a first electronic application with application-specific value (e.g., Visa, MasterCard, Discover, food stamp, welfare programs, unemployment Accounts A, B, n) (Figure 11; column 2, line et seq), a second application for storing general value (e.g., electronic purse; residual account 1522, saving accounts, checking accounts) (e.g., column 13, line 14 et seq; column 21, line 50 et seq)...”

Hence, the Examiner deemed Visa, MasterCard, Discover, and other Accounts A, B,..., n to have application-specific values because, for instance, a Visa account is only specific for a Visa-charged application, a MasterCard account is only specific for a

MasterCard-charged application, and so on. Likewise, the Examiner deemed electronic purses, residual, savings, and checking accounts to have general values because they act like cash that can be used in a plurality of applications, including those in which a Visa, a MasterCard, or another application-specific value is also accepted. However, the Examiner has taken the wordings of Carlisle et al. out of context in the rejection. The Examiner is reminded of the following definition for “general value” and “application-specific value” as stated in the present application:

“The term ‘general value’ comprises value that is generally equivalent to cash in that the general value is readily accepted in a plurality of financial transactions. The term ‘application-specific value’ comprises value that has limited acceptance, typically only for transactions associated with a specific application program and converted into application-specific value.” (Application, page 7, lines 23-26).

In the context of the disclosure by Carlisle et al., it is respectfully submitted that Carlisle et al. actually teach away from the claimed system and method having both a first application with application-specific value and a second application with general value. As pointed out by the Examiner, Figure 11 and col. 2, lines 25+ of Carlisle et al. provide multiple applications 1109, 1110, ..., 1111 having multiple accounts A, B, ..., n and those accounts may be implemented by application-specific values such as Visa, MasterCard, Discover, ATM networks, food stamp programs, etc. This is a reasonable interpretation by the Examiner because the smart card of Carlisle et al. is equipped with “smart card memory for storing a plurality of data files.” (Col. 2, lines 21-22 of Carlisle et al.). Associated with each data file is “account identifier for uniquely specifying a given account with an account balance and at least one item table identifier.” (Col. 2, lines 24-26 of Carlisle et al.) Thus,

each account of each data file has a table listing items that such account can be used to purchase or transact. Furthermore,

“If an item identifier [of an item presented at a point-of-sale terminal] does not correspond to any of the items in the item table [of each of the accounts A, B, ..., n], the cost of the item is retrieved from the cost table and added to a residual account which includes the costs of all items having item identifiers obtained by the item identification device which do not correspond to any of the items in the item table.” (Col. 2, lines 52-58).

Thus, it is clear that each of the multiple applications shown in Figure 11 of Carlisle et al. stores only application-specific value (i.e., a value for transaction of those particular items allowed and listed in an item table of each application). Yet, the Examiner confusingly interpreted the general value to be an electrical purse, a residual account, a savings account, or a checking account. With regard to the residual account, Carlisle et al. clearly state (as reprinted above) that such account stores only value *specific* for the transaction of those particular items that are rejected by the accounts A, B, ..., n of the multiple applications. See also col. 19, lines 35-39 and 49-52; col. 20, lines 42-57 of Carlisle et al. Thus, it is clear that the residual account stores only an application-specific value. With regard to the electronic purse, savings account, and checking account, which the Examiner interpreted to have general value, the Examiner neglected to mention the context in which such accounts are described in Carlisle et al., i.e., they are used as accounts A, B, ..., n. (Col. 13, lines 14+; col. 21, lines 50+ of Carlisle et al.). Consequently, the electronic purse, the saving account, and the checking account are all used to store only *application-specific* value for transaction of those particular items allowed and listed in an item table of each application.

Accordingly, the multiple applications and their multiple accounts of Carlisle et al., be they Visa accounts, MasterCard accounts, electronic purses, residual accounts, savings accounts, checking accounts, etc., store only application-specific values, and not both application-specific and general values as alleged by the Examiner. It is respectfully submitted that piecemeal analysis of an alleged reference to show – out of context – the claimed limitations of a patent application was never intended to be a proper rejection under 35 U.S.C. 102 by either Congress in its enactment of the statute or any legal precedent interpreting the statute.

In the final Office Action, the Examiner rejected the above arguments by remarking that:

“It is the examiner’s position that there is no further limitation to “application-specific value”. As is currently claimed, “general value” as a claim recitation encompasses any and all “value”. It is the examiner’s position that “value” can include anything, since any material or theoretical manifestation may have “value” to someone. The recitation to “application” is considered to include any material manifestation...”  
(Final Office Action, page 4).

The above statements are incoherent at worst and erroneous at best. It appears that the Examiner interpreted the terms “general value” and “application-specific value” to be the same as the term “value”. This interpretation is contrary to not only the definitions as provided in the present application but also to common sense and conventional definitions in the English language. It is respectfully submitted that the claim language was constructed to differentiate a “general value” from an “application-specific value”. That is why the adjectives “general” and “application-specific” are used to modify the noun “value”; otherwise, the claim language would have referred to all values as mere “value”. The

Examiner cannot decide on his own to disregard certain terms in the claim language so that the claims can be read nicely on a particular reference. If the Examiner's method of examination is applied throughout the U.S. Patent and Trademark Office, all modifying terms in the claim language of each and all submitted applications will be disregarded, and no patent application will ever be allowed.

Claims 1, 3-35, 37-42, and 44-48 stand or fall together with regard to the rejection under 35 USC §102(b) as being anticipated by Carlisle et al. for purposes of this appeal. For the reasons stated above, it is respectfully requested that the Board recognize the deficiencies in the Examiner's rejection of the claims, reverse the Examiner's rejection, and allow these claims.

**The rejection of claims 1, 3-7, and 13-17 under 35 U.S.C. § 102(e) as being anticipated  
by Taskett is not proper**

In the final Office Action the Examiner maintained this rejection, as given in the first Office Action, despite the fact that independent claim 1 has been amended to include the limitation, "said application-specific value and said general value are each *exchangeable*." (Emphasis added). Once again, it is respectfully submitted that the previously-amended claim 1 and dependent claims thereof are allowable over Taskett because the alleged application-specific value and general value in Taskett are not exchangeable.

In the first Office Action, the Examiner cited col. 2, lines 40+ of Taskett to show "a transfer of specific and general value," wherein it is assumed that the Examiner referred to



the prepaid phone card as having the application-specific value (specific for making phone calls) and other funds as having general values that can be transferred to the phone card to replenish its account balance. However, while the other funds may be *exchangeable* in transferring in and out general values, the prepaid phone card with its application-specific value is *not exchangeable* because it can only receive and convert general value into value specific for the application of making phone calls, whereas it cannot convert the specific value for phone charges back into a general value.

In the final Office Action the Examiner attempted to maintain the aforementioned rejection by making the following general statement,

“with regards (sic) to ‘exchangeable’ all references in the various art rejections made of record show ‘value’ that is ‘exchangeable’.” (Final Office Action, page 4).

The Examiner is reminded that a proper rejection under 35 U.S.C. 102 must include a showing in the cited prior art of each and every claimed limitation. As mentioned above, Taskett does not show at least the limitation of “the application-specific value and the general value are each exchangeable.” Indeed, if Taskett discloses such limitation, why did the Examiner fail to also reject claim 25 under 35 U.S.C. 102 as being anticipated by Taskett? After all, claim 25 comprises a method for performing the functions in the previous-amended claim 1, including the limitation, “wherein the application-specific value and the general value are each *exchangeable*.” (Emphasis added).

Claims 1, 3-7, and 13-17 stand or fall together with regard to the rejection under 35 USC §102(e) as being anticipated by Taskett for purposes of this appeal. For the reasons

stated above, it is respectfully requested that the Board recognize the deficiencies in the Examiner's rejection of the claims, reverse the Examiner's rejection, and allow these claims.

**The rejection of claim 36 under 35 U.S.C. 103(a) as being unpatentable over Carlisle et al. in view of Taskett is not proper**

With regard to claim 36, the aforementioned reasons for the patentability of claims 1, 3-35, 37-42, and 44-48 over Carlisle et al. also apply here. Claim 36 stands or falls by itself with regard to the rejection under 35 USC §103(a) as being unpatentable over Carlisle et al. in view of Taskett for purposes of this appeal. For the reasons stated above, it is respectfully requested that the Board recognize the deficiencies in the Examiner's rejection of the claims, reverse the Examiner's rejection, and allow these claims.

**The rejection of claims 36 and 43 under 35 U.S.C. 103(a) as being unpatentable over Carlisle et al. in view of Hogan is not proper**

With regard to claims 36 and 43, the aforementioned reasons for the patentability of claims 1, 3-35, 37-42, and 44-48 over Carlisle et al. also apply here. Claims 36 and 43 stand or fall together with regard to the rejection under 35 USC §103(a) as being unpatentable over Carlisle et al. in view of Hogan for purposes of this appeal. For the reasons stated above, it is respectfully requested that the Board recognize the deficiencies in the Examiner's rejection of the claims, reverse the Examiner's rejection, and allow these claims.

**The rejection of claim 43 under 35 U.S.C. 103(a) as being unpatentable over Carlisle et al. in view of either Kasai et al. or Davis et al. is not proper**

With regard to claim 43, the aforementioned reasons for the patentability of claims 1, 3-35, 37-42, and 44-48 over Carlisle et al. also apply here. Claim 43 stands or falls together with regard to the rejection under 35 USC §103(a) as being unpatentable over Carlisle et al. in view of either Kasai et al. or Davis et al. for purposes of this appeal. For the reasons stated above, it is respectfully requested that the Board recognize the deficiencies in the Examiner's rejection of the claims, reverse the Examiner's rejection, and allow these claims.

**Issue of Defective Oath/Declaration**

The Examiner indicated that the declaration is defective because it does not identify the citizenship of each inventor. The Examiner also indicated that "the [citizenship] information is considered other than a 'minor deficiency' the requirement for a new declaration will not be held in abeyance until a notice of allowance is received." (Final Office Action, page 2).

The undersigned acknowledges that a declaration with missing citizenship information constitutes more than a "minor deficiency," and a new declaration is thus required. The undersigned is in the process of obtaining a newly executed oath/declaration for the present application and will submit the corrected and executed oath/declaration as soon as possible and upon a notice of allowance in the application. The undersigned directs

the Examiner's attention to MPEP 602.03 and form paragraph 6.46, which indicate that a substitute oath/declaration may be filed upon receipt of a "Notice of Allowability."

### Conclusion

For at least the reasons given above, the rejections of claims 1 and 3-48 are improper. It is respectfully requested that such rejections by the Examiner be reversed and claims 1 and 3-48 be allowed. Attached below for the Board's convenience is an Appendix of claims 1 and 3-48 as currently pending.

Date:

10/7/02

KILPATRICK STOCKTON LLP

Suite 900

607 14th Street, N.W.

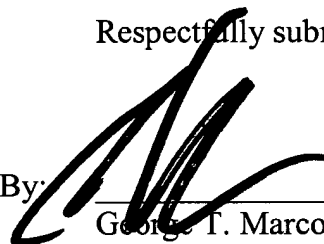
Washington, D.C. 20005

(202) 508-5800

GTM/THN/T0091.174055/CITI0087/129500

Respectfully submitted,

By:



George T. Marcou

Registration No. 33,014

**(9) Appendix**

1. A system for performing a financial transaction, comprising:  
a first electronic application for storing application-specific value;  
a second electronic application for storing general value; and  
a transaction application associated with at least said first electronic application for performing a value exchange, wherein said application-specific value and said general value are each exchangeable in said transaction application;

wherein said application-specific value and said general value are each compatible within said system for performing said financial transaction.

3. A system as recited in claim 1, further comprising:  
at least one communication interface for transferring at least one of said application-specific value and said general value to or from said first electronic application and said second electronic application, respectively.

4. A system as recited in claim 3, wherein said at least one communication interface comprises a contactless interface.

5. A system as recited in claim 1, wherein said financial transaction utilizing said first electronic application is formatted for utilization with a settlement system associated with said second electronic application.

6. A system as recited in claim 1, wherein said financial transaction comprises a transfer of at least a portion of each of said application-specific value and said general value.

7. A system as recited in claim 1, wherein said financial transaction comprises a transfer of at least a portion of one of said application-specific value and said general value.

8. A system as recited in claim 1 embodied in a smart card comprising a memory for storing said first electronic application and said second electronic application.

9. A system as recited in claim 8, further comprising:

a transaction application associated with said first application for performing a value exchange associated with said financial transaction, wherein said application-specific value and said general value are each compatible with said transaction application, and wherein said transaction application is stored in said memory of said smart card.

10. A system as recited in claim 8, further comprising a first terminal for loading at least one of said first electronic application and said second electronic application onto said memory.

11. A system as recited in claim 8, further comprising a second terminal for adjusting the amount of at least one of said application-specific value and said general value based upon said financial transaction.

12. A system as recited in claim 11, further comprising:

a transaction application for performing a value exchange associated with said financial transaction, wherein said application-specific value and said general value are each compatible with said transaction application, and wherein said transaction application is stored in said second terminal.

13. A system as recited in claim 1, further comprising:

an auto-load application for loading new application-specific value into said first electronic application.

14. A system as recited in claim 13, wherein said new application-specific value is exchanged from said general value.

15. A system as recited in claim 13, wherein said new application-specific value is exchanged for a debit to an account selected from the group consisting of a checking account, a savings account, a credit account, a debit account, and a loan account.

16. A system as recited in claim 1, further comprising:  
an auto-load application for loading new general value into said second electronic application.

17. A system as recited in claim 16, wherein said new general value is exchanged for a debit to an account selected from the group consisting of a checking account, a savings account, a credit account, a debit account, and a loan account.

18. A smart card for performing a financial transaction, comprising:  
a first application for storing application-specific value;  
a second application for storing general value; and  
wherein said application-specific value and said general value are each compatible for performing said financial transaction.

19. A smart card as recited in claim 18, wherein said financial transaction utilizing said first application is formatted for utilization with a settlement system associated with said second application.

20. A smart card as recited in claim 18, wherein said financial transaction comprises a transfer of at least a portion of each of said application-specific value and said general value.

21. A smart card as recited in claim 18, further comprising:  
at least one communication interface coupled with at least one of said first application  
and said second application for transferring at least one of said application-specific value and  
said general value.

22. A smart card as recited in claim 21, wherein said at least one communication  
interface comprises a contactless interface.

23. A smart card as recited in claim 18, further comprising:  
a memory for storing said first application and said second application as software  
components.

24. A smart card as recited in claim 23, further comprising:  
at least one communication interface coupled with at least one of said first application  
and said second application for transferring at least one of said application-specific value and  
said general value.

25. A method for performing a financial transaction with a smart card, comprising:  
storing application-specific value in a first electronic application;  
storing general value in a second electronic application;  
performing a value exchange associated with the financial transaction, wherein the  
application-specific value and the general value are each exchangeable in the financial  
transaction.

26. A method as recited in claim 25, further comprising exchanging at least a portion  
of one of the application-specific value and the general value to perform the transaction.



27. A method as recited in claim 25, further comprising exchanging at least a portion of both the application-specific value and the general value to perform the transaction.

28. A method as recited in claim 25, further comprising formatting the financial transaction performed with application-specific value for utilization with a settlement system associated with the second electronic application.

29. A method as recited in claim 25, further comprising transferring at least one of the application-specific value and the general value through a communication interface in communication with at least one of the first electronic application and the second electronic application.

30. A method as recited in claim 29, wherein the at least one communication interface comprises a contactless interface.

31. A method as recited in claim 25, wherein storing the application-specific value in the first electronic application comprises storing the application-specific value in a memory on a smart card.

32. A method as recited in claim 25, wherein storing the general value in the second electronic application comprises storing the general value in a memory on a smart card.

33. A method as recited in claim 25, wherein performing a value exchange comprises utilizing a transaction application to perform the financial transaction.

34. A method as recited in claim 33, wherein utilizing a transaction application comprises utilizing a transaction application stored in a memory on a smart card.

35. A method as recited in claim 33, wherein utilizing a transaction application comprises utilizing a transaction application stored in a transaction terminal.

36. A method as recited in claim 25, further comprising:  
exchanging all of the application-specific value;  
automatically loading new application-specific value; and  
exchanging at least a portion of the new application-specific value to complete the financial transaction.

37. A method for performing a financial transaction for exchanging an amount of value between a smart card and a corresponding device, comprising:  
providing application-specific value and general value on the smart card, where both the application-specific value and general value are compatible for use in performing the financial transaction; and  
exchanging a transaction amount of value between the smart card and the corresponding device, where the transaction amount of value is at least a portion of one of the application-specific value and the general value.

38. A method as recited in claim 37, further comprising establishing a communication channel between the smart card and the corresponding device.

39. A method as recited in claim 38, wherein the communication channel comprises a network selected from the group consisting of a merchant point-of-sale network and the Internet.

40. A method as recited in claim 37, further comprising:  
inquiring about the availability of a sufficient amount of application-specific value to perform the financial transaction; and

exchanging the sufficient amount of application-specific value if the sufficient amount exists.

41. A method as recited in claim 40, further comprising:  
determining a deficient amount of value if the sufficient amount of application-specific value does not exist;  
inquiring about the availability of the deficient amount of value in general value; and  
exchanging the deficient amount of value in general value.

42. A method as recited in claim 41, further comprising converting the deficient amount of value in general value to a deficient amount of value in application-specific value.

43. A method as recited in claim 37, further comprising adding a predetermined amount of application-specific value to the smart card if a sufficient amount of the application-specific value does not exist.

44. A method as recited in claim 37, further comprising tracking the usage of said application-specific value and said general value associated with the financial transaction in order to determine a reward.

45. A system for performing a financial transaction, comprising:  
a smart card having a memory for storing a first application having application-specific value and a second application having general value, wherein said application-specific value and said general value are compatible for performing said financial transaction and are secured by encryption on said smart card; and  
a purchase device for removing value from said smart card, said purchase device comprising a first purchase key for use in removing application-specific value from said first application and a second purchase key for use in removing general value from said second

application, wherein both said first and second purchase keys are security mechanism for accessing encrypted information, and wherein said purchase device is adapted for communication with said smart card to transfer at least one of said application-specific value and said general value in said financial transaction.

46. A system as recited in claim 45, wherein said first application generates a first set of transaction information, including said application-specific value, and said second application generates a second set of transaction information, including said general value, for use in said financial transaction, wherein said first set of transaction information is formatted for processing like said second set of transaction information.

47. A system as recited in claim 45, further comprising a funding source for receiving funds in exchange for transferring at least one of said application-specific value and said general value to said smart card.

48. A system as recited in claim 45, further comprising a settlement system for accounting for the flow of application-specific value and general value among said smart card and said purchase device in order to settle said financial transaction.